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Adm-2.1

DD/SMT-1472-54

12 May 1964

**MEMORANDUM FOR:** Assistant Director for Computer Services  
**SUBJECT:** Reprogramming of DD/SMT Funds

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1. In our review on 6 May on the status of OCS FY 1964 funds, it was disclosed that approximately [REDACTED] may be considered as surplus to programmed requirements of OCS. The sum of [REDACTED] results from off setting plus and minus figures in various cost categories and recovered from a downward negotiation of the [REDACTED] contract from [REDACTED] to [REDACTED].

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2. You expressed your desire to hold this apparent surplus and to add an additional [REDACTED] from any funds provided DD/SMT out of year-end Agency savings; the resulting [REDACTED] (approximately) to be utilized in the outright purchase of an IBM #360 computer. The purchase of this computer (an eventual replacement of the present IBM 1401) would offset the rental charges of a like machine over a two-three year period of time. As you know, we have been sympathetic to proposals for the purchase versus rental of computers, particularly where the machines perform basic services as do the 1401 and 360.

3. While we agree in principle to the purchase of an IBM 360, we foresee numerous problems, assessments, decisions, and actions that must be taken prior to the actual obligation of FY 64 funds. In addition, there is the time required for obtaining [REDACTED] additional money (which could be unsuccessful); we seriously doubt that all problems could be solved and necessary actions through the Office of Logistics prior to 30 June.

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4. Budgetary restrictions and directives make it necessary that all DD/SMT monies be utilized effectively, and almost immediately. It is, therefore, our recommendation that the DIR/EPAM be requested to reduce the OCS allotment by about [REDACTED] the exact amount to be determined, and make a like amount available to DD/SMT for funding priority R&D projects in FY 64.

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COMINT  
OLP - 2Chief, PP/Staff  
DD/SMT

14 MAY 1964

Deputy Director for Science and Technology

Date

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